



**The Secretary of Energy**  
Washington, DC 20585

May 23, 2006

**MEMORANDUM FOR ALL DEPARTMENT OF ENERGY EMPLOYEES**

**FROM:** SAMUEL W. BODMAN

A handwritten signature in black ink, appearing to read "SWB", is written over the printed name "SAMUEL W. BODMAN".

**SUBJECT:** Functional Accountability

There are several administrative functions performed throughout the Department that I believe would benefit from a new and strengthened management approach. Specifically, the financial, human capital, information technology, legal, procurement, and public affairs functions of the Department must be better coordinated and streamlined. The Chief Financial Officer, Chief Human Capital Officer, Chief Information Officer, General Counsel, Senior Procurement Executives, and the Director of the Office of Public Affairs are my primary advisors in these functional areas. However, I believe, the Department's current organizational and management structure does not give these officials appropriate oversight and accountability for their respective areas throughout the Department. Many of the DOE employees who perform these functions are a part of other DOE program offices such as Environmental Management or Science, and thus report to managers in those programs, rather than to the functional heads. This is true for many field employees and in some cases for Headquarters employees as well.

I believe it will improve the Department's overall management and our ability to accomplish the Department's missions if I am able to hold the functional heads responsible for these functions throughout the Department, except where that accountability is constrained by statute (as is the case with the National Nuclear Security Administration). Many of these administrative functions currently operate this way in practice and do so very successfully. I want to build upon these successes and memorialize this practice through additional means, to ensure that this proven approach is our standard operating practice throughout the Department. This will entail some changes in the general management of the Department; the functional heads must have the ability to play a substantive role in how certain positions/employees that do not currently report to them are staffed, compensated, and developed and how the positions that perform the functions which do not currently report to them are organized and performed. This change in the Department's management will apply to all elements of the Department, with the exception of the National Nuclear Security Administration.



Therefore, I am giving the functional heads identified above the ability to exercise certain line authorities within their functions. These authorities will include: (1) concurrence with existing management on the establishment of positions, including grade level, appointment type, and scope of duties; (2) concurrence in the selection of new hires; (3) concurrence on reorganizations and requests for workforce shaping authorities such as the Voluntary Separation Incentive Program, Voluntary Early Retirement Authority, and reduction in force impacting or affecting the function; (4) concurrence on compensation, performance recognition, and retention, recruitment and relocation matters; (5) active participation in performance management, including in the development of performance standards, concurrence on performance ratings of record, and consultation and coordination on disciplinary actions; (6) active participation in employee development, including the ability to require that incumbents have certain specified core competencies and the ability to require certain training; and (7) active participation, through the Corporate Program Review process, with respect to budgets for the respective functional activities. The ability of the functional heads to exercise these line authorities that are employee specific will apply only to the highest ranking functional official in a field office or Headquarters office who is not already an employee of the functional head's organization or program office.

I am directing the six functional heads identified above to create a working group that will implement these changes. The working group, which will be headed by Jeff T.H. Pon, the Chief Human Capital Officer, will also make recommendations to and develop decision documents for the Deputy Secretary concerning any matters requiring the Deputy Secretary's approval, as well as concerning eventual evaluation of these changes. The working group also should consider developing recommendations with respect to appropriate involvement of functional heads in any significant contracts that may support or carry out duties in the functional area. Field and Headquarters organizations that will be impacted by the changes will be given the opportunity to participate on the working group and in the implementation process. In the event that any of the positions that are directly impacted by this management change are bargaining unit positions, the Department will fulfill all bargaining obligations.

I am directing the Heads of Departmental Elements to identify all Department employees in their organizations, both at Headquarters and in the field, who perform functions in the six areas described above and to provide that information to Dr. Pon within two weeks. Furthermore, no other employees shall be assigned any of these functions without going through the process developed by the working group, once the process is in place.

I wish to have the new policy specified in this memorandum fully implemented as soon as possible.